PIERER Mobility AG

REPORT OF THE EXECUTIVE BOARD

on item 2 of the agenda of the Extraordinary General Meeting
on January 27, 2025

pursuant to §§ 174 (4) in conjunction with 153 (4) AktG on the authorisation of the Executive Board to exclude shareholders' subscription rights when issuing financial instruments within the meaning of § 174 AktG

*[**Disclaimer:** This is a working translation from the German language provided for purposes of convenience only. In case of any inconsistency, the German version shall prevail.]*

I. Authorisation

The Executive Board and the Supervisory Board of PIERER Mobility AG (the **"Company"**) intend to propose the following resolution on agenda item 2 at the Extraordinary General Meeting on January 27, 2025 of the Company:

„a) The General Meeting revokes the authorisation of the Executive Board resolved by the Annual General Meeting on April 21, 2023, with the approval of the Supervisory Board, to issue financial instruments within the meaning of § 174 AktG until April 21, 2028.

b) The Executive Board shall be authorised, with the consent of the Supervisory Board, to issue financial instruments as defined in § 174 AktG, in particular convertible bonds, profit participation bonds and participation rights, with a total nominal amount of up to EUR 900.000.000,00, which may also grant the subscription and/or conversion rights to acquire up to 16,898,267 shares in the Company and/or are also structured in such a way that they can be reported as equity, including in several tranches and in different combinations, and also indirectly by way of a guarantee for the issue of financial instruments by an affiliate of the Company with conversion and/or subscription rights to shares in the Company.

c) The Executive Board can use the conditional capital and/or treasury shares or a combination of conditional capital and treasury shares to service the conversion and/or subscription rights.

d) Within the scope of this authorization, the Executive Board may only issue financial instruments that grant the creditor subscription rights to acquire shares in the *company to the extent that no more than 16,898,267 new shares in the company are created if all subscription rights of these financial instruments are exercised, which number shall be determined by also taking into account all shares issued or to be issued from the authorized capital 2022 (as resolved at the Annual General Meeting on 29 April 2022 under agenda item 9).*

e) *The issue price and terms of the financial instruments are to be determined by the Executive Board with the consent of the Supervisory Board, whereby the issue price is to be determined in accordance with standard market financial methods and the price of the Company's shares in a standard market pricing procedure. The issue price of the shares to be issued upon conversion (exercise of the conversion and/or subscription rights) and the conversion and/or subscription ratio shall be determined in accordance with accepted financial mathematical methods and the price of the Company's shares (basis of the calculation of the issue price); the issue price of the shares to be issued must not be lower than the pro-rata amount of the share capital.*

f) *Shareholders' subscription rights to the financial instruments within the meaning of § 174 (4) AktG are excluded.*

Accordingly, the Executive Board and Supervisory Board of the Company intend to propose the following resolution as item 3 on the agenda:

a) *The General Meeting revokes the conditional increase of the Company's share capital resolved in the ordinary General Meeting on April 21, 2023, pursuant to § 159 (2) AktG, by up to EUR 4,375,000.00 through the issuance of up to 4,375,000 non-par value bearer shares (no-par value shares) to be issued to creditors of financial instruments according to § 174 AktG.*

b) *The General Meeting resolves the conditional increase of the Company's share capital in accordance with § 159 (2) (1) AktG by up to EUR 16,898,267.00 by issuing up to 16,898,267 ordinary bearer shares with no par value for issue to creditors of financial instruments in accordance with § 174 AktG, which are issued by the Company utilising the authorisation granted by this General Meeting, to the extent that the creditors of the financial instruments make use of their conversion and/or subscription rights to shares in the Company. The issue price and the conversion and/or subscription ratio are to be determined in accordance with standard market financial methods and the price of the Company's shares in a standard market pricing procedure (basis for calculating the issue price). The issue price must not be lower than the pro-rata amount of the share capital. The new shares issued under the conditional capital increase shall be entitled to dividends to the same extent as the existing shares of the Company. The Executive Board is authorised, with the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to adopt amendments to the Articles of Association that result from the issuance of shares from the conditional capital.*

c) *The corresponding amendment to the Articles of Association in § 5a, so that this provision henceforth reads as follows:*

„5a Conditional Capital
The share capital of the Company shall be conditionally increased pursuant to § 159 (2) (1) AktG by up to EUR 16,898,267.00 by issuing up to 16,898,267 ordinary bearer shares with no par value for issue to creditors of financial instruments in accordance with § 174 AktG as defined by the resolution of the General Meeting of January 27,

2025, which are issued by the Company utilising the authorisation granted at this General Meeting. The capital increase may only be carried out to the extent that the creditors of the financial instruments make use of their right to exchange and/or subscribe to shares in the Company. The issue price and the exchange and/or subscription ratio are to be determined in accordance with standard market financial-mathematical methods and the price of the Company's shares in a standard market pricing procedure (basis for calculating the issue price). The issue price must not be lower than the pro-rata amount of the share capital. The new shares issued under the conditional capital increase shall be entitled to dividends to the same extent as the existing shares of the Company. The Executive Board is authorised, with the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to adopt amendments to the Articles of Association that result from the issue of shares from the conditional capital.“

In preparation for this resolution, the Executive Board has submitted a written report to the General Meeting in accordance with §§ 174 (4) in conjunction with 153 (4) AktG on the reasons for the authorisation to exclude shareholders' subscription rights when issuing financial instruments.

II. Exclusion of subscription rights and justification

At the Company's 26th Annual General Meeting on April 21, 2023, the Executive Board was authorised by the shareholders, with the approval of the Supervisory Board, to issue financial instruments within the meaning of § 174 AktG, in particular convertible bonds, profit participation bonds and participation rights, with a total nominal amount of up to EUR 350,000,000.00, which may also grant the subscription and/or conversion rights to acquire up to 4,375,000 shares in the Company.

Since this resolution was adopted, the financing requirements of PIERER Mobility AG have increased significantly. In addition, since this resolution was adopted, the stock market price of the Company's shares has fallen significantly, which is the cause for the expectation that the issue of financial instruments with conversion or exchange rights will generate lower proceeds than was expected previously in 2023.

For this reason, it is intended to replace the conditional capital increase approved at the Annual General Meeting on April 21, 2023 (Conditional Capital 2023), which represents only around 13% of the current share capital of the Company, by a new capital increase.

This existing authorisation to issue financial instruments within the meaning of § 174 AktG and the Conditional Capital 2023 are thus to be revoked and a new authorisation and a new Conditional Capital 2025, which in the future is to correspond to around 50% of the Company's current share capital, are to be approved by the General Meeting.

It should enable the Company to exclude shareholders' subscription rights to the financial instruments issued under this authorisation within the meaning of § 174 AktG, in particular convertible bonds, profit participation bonds and profit-sharing rights, with the approval of the Supervisory Board. After consideration of the Executive Board, the exclusion of subscription rights in connection with this authorisation resolution for the issuance of financial instruments within the meaning of § 174 AktG may be in the prevailing interest of the Company, but also – at least indirectly – in the interest of the existing shareholders of the Company. In accordance with the relevant statutory provisions, the Executive Board submits the following report for the purpose of providing a legal and economic substantiation and justification of the exclusion of the subscription rights:

The exclusion of subscription rights for financial instruments within the meaning of § 174 AktG must be considered in terms of four key aspects: comparatively low and therefore attractive financing costs for the Company, optimisation of a high conversion rate, the development of new investor groups and the development of hybrid capital.

With regard to the exclusion of subscription rights, it should be noted that this is objectively justified by the objectives pursued. The PIERER Mobility Group is in a difficult economic situation. In particular at the level of KTM AG, which is currently undergoing reorganisation proceedings, a capital injection will be required in the short term to fulfil the quota under the reorganisation plan. Securing debt and equity financing will therefore be a key challenge for PIERER Mobility AG in the coming months in order to provide its main subsidiary, KTM AG, with supporting capital. The issue of financial instruments in accordance with § 174 AktG, excluding the subscription rights of existing shareholders, is intended to enable the Executive Board to secure sustainable financing for the Company and its subsidiaries at short notice, flexibly and customised to the needs of the Group and potential investors, and to be able to react quickly and flexibly to current developments in the restructuring process of KTM AG. Financial instruments in accordance with § 174 AktG can be used to optimise the capital structure, reduce financing costs and tap into new groups of investors. This is of considerable importance for the sustainable continued existence of the Company and its associated companies, particularly in difficult economic conditions, and is therefore in the interests of the company and its shareholders.

For these reasons, it may be necessary to exclude shareholders' subscription rights to the financing instruments to be issued by the Company within the meaning of § 174 AktG.

1. Advantageous Financing Options

A. CONVERTIBLE BONDS

Investors receive interest from convertible bonds at a comparatively low risk with regard to the repayment of the capital employed. At the same time, they are granted the right to acquire shares in the Company in the future at a price or price formula (‘Conversion Price’) already determined when the convertible bond was issued, which also gives creditors access to the Company's assets and profitability after conversion.

Convertible bonds are a proportionate measure for the Company to keep its capital costs as low as possible. The Company gains flexible and fast access to attractive financing conditions, which are usually below the level of (pure) debt instruments, through the aforementioned components, namely the high level of security for bondholders and the opportunity to participate in price increases through the right to convert shares.

Due to the usual conditions for convertible bonds on the capital market, the issue price of the shares to be issued will be above the share price at the time of issue of the convertible bonds (‘conversion premium’), so that the Company can achieve a higher issue price compared to an immediate capital increase and thus – to put it another way – additional capital can be raised by the Company.

The value of convertible bonds consists of two components: the bond component and the component of an option that authorises the conversion of the bonds into shares. Due to the option component associated with convertible bonds, the value of which is based on the share price performance, investors generally accept a lower interest rate compared to traditional corporate bonds. The option component is also valued in the conversion premium, the price of which is influenced by the term and interest rate level, but also to a large extent by the price performance and volatility of the share. High volatility (with corresponding price opportunities) for the option component has a technically value-increasing effect within the framework of the calculation methods customarily used for this purpose, and ultimately results in a comparatively lower interest rate for the convertible bonds. Convertible bonds therefore also offer a way for the Company to exploit price volatilities – as they also occur with the shares of the Company – in its favour and thus reduce the Company's capital costs.

Practice has shown that better conditions can usually be achieved for issues with the exclusion of subscription rights, since the immediate placement that is made possible this way avoids price-related risks to the disadvantage of the issuer resulting from a change in the market situation. If the market situation is correctly assessed, the exclusion of subscription rights can therefore generate comparatively more financial resources for the Company with a lower number of shares to be issued if the conversion right is exercised. For this reason, the exclusion of subscription rights has now also become common practice when issuing convertible bonds on the capital market.

B. PROFIT PARTICIPATION BONDS

These bonds securitise not only a specific monetary claim but also further payments, the calculation of which is linked to shareholders' profit shares in such a way that, in addition to or instead of a fixed interest rate, interest is paid that is dependent on the Company's performance. In such case, the additional interest or the entire interest claim lapses if no result is achieved or if a sufficient remuneration would result in a balance sheet loss or increase an existing balance sheet loss. A right to catch up on future results can also be agreed.

The Company is free to determine the repayment terms and the term, including the option of structuring it as a ‘perpetual bond’. Also possible is a mixture of the types of income bonds and convertible bonds.

Accordingly, profit participation bonds also offer – depending on their structure – favourable financing alternatives for the Company and, in particular, avoid the risk of servicing in the event of insufficient earnings, which benefits the Company and thus the shareholders.

C. PARTICIPATION RIGHTS

The particular advantage of participation rights used for capital procurement is that they can be flexibly designed and elements of equity and debt capital can be combined. On the one hand, they do not grant any membership rights, but on the other hand, the participation rights capital can be designed in such a way that it is attributable to equity.

Participation right certificates to raise capital are typically issued to their holders for a certain nominal amount. They are issued in return for a cash contribution and grant an annual distribution, the amount of which is usually dependent on the dividend distributed. A fixed interest rate, a preferential right to profits as with preferred shares, a share of the liquidation proceeds or a share of the losses can be agreed.

The participation right can be used to securitise an exchange right for shares in the same way as an option right for the purchase of Company shares (convertible or option participation rights). The terms of repayment and duration can be freely determined. If appropriately designed, the Company receives ‘equity-like’ capital that does not impair the shareholders‘ rights of control and, in the case of profit-oriented operation with an upper limit, does not interfere with the shareholders’ property rights. Even in the case of profit-related interest or subordinated participation in the liquidation proceeds, the understanding that participation rights do not compete with the property rights of shareholders, but only with the pecuniary risks of shareholders, justifies the exclusion of subscription rights.

2. Interest of the Company

The exclusion of shareholders' subscription rights when issuing financial instruments within the meaning of § 174 AktG is in the Company's interest for the following reasons:

The PIERER Mobility Group is in a tense economic situation. In particular, at the level of KTM AG, which is currently in reorganisation proceedings, a capital injection will be necessary in the short term to meet the reorganisation plan quota and to finance losses. The exclusion of subscription rights is also necessary in order to be able to react quickly and flexibly to current developments in the reorganisation process of KTM AG.

The prompt injection of capital is made possible by flexible action in a volatile capital market environment at favourable conditions.

Generally speaking, when issuing convertible bonds, for example, one advantage over a capital increase may be that a higher issue price can be achieved for the conversion option compared to an immediate capital increase.

In line with the usual conditions for convertible bonds on the capital market, the conversion and/or subscription price of the shares to be issued upon conversion (exercise of the conversion and/or subscription rights) will be higher than the share price at the time of issue of the convertible bonds. In particular, in the event of a volatile share price, as has been observed for the Company in recent months, it is possible to generate higher revenues by issuing convertible bonds than by means of a capital increase.

Financial instruments such as convertible bonds offer investors a secure opportunity to benefit from an increase in the value of the Company as an alternative to a direct investment in shares. In return, the Company gains access to attractive financing conditions that are usually below the market level of pure debt instruments. Convertible bonds, for example, also offer the opportunity to use the volatility of the Company's shares in the Company's favour and thus reduce the Company's capital costs.

The various financial instruments within the meaning of § 174 AktG are therefore suitable means of achieving the goal of a timely financing of the Company and its associated companies, in particular KTM AG. Financing through a target group-specific configuration of the financial instruments replaces other cost-intensive capital measures and offers attractive financing conditions.

The exclusion of shareholders' subscription rights when issuing financial instruments has proven to be in the interest of the Company and its shareholders. The advantage for the Company is, in particular, that it can take advantage of accelerated and market-oriented placement of financial instruments, thereby reducing the price and placement risk.

3. Necessity of the exclusion of subscription rights

In order to successfully place the financial instruments and to be able to react quickly and flexibly to current developments in the reorganisation process of KTM AG, it is necessary to exclude the statutory subscription rights of the Company's existing shareholders. The authorisation to issue financial instruments pursuant to § 174 AktG, which is proposed to the shareholders for resolution under agenda item 2 of the Company's Extraordinary General

Meeting on January 27, 2025, therefore includes the exclusion of the shareholders' statutory subscription rights when issuing such financial instruments. At the same time, however, the revocation of the authorisation granted by the Annual General Meeting on April 21, 2023 is also proposed, so that, if the corresponding resolution is passed by the General Meeting on January 27, 2025, an authorisation limited to a maximum of 50% of the current share capital will be created when financial instruments are issued.

Financial instruments such as convertible bonds are also attractive from the perspective of (existing) shareholders. The key commercial parameters of the convertible bonds, in particular the issue price, the conversion price and the resulting conversion ratio, are generally based on the stock price (or exceed it) of the Company's shares immediately prior to the issue of the convertible bonds. This helps to avoid a dilution of shareholders that does not conform to the market.

Financial instruments such as convertible bonds are primarily subscribed only by institutional investors who have specialised in this form of investment. Convertible bonds can therefore be placed very quickly and in advance with these investors. The advantage of an accelerated process for the Company lies in a placement that is close to the market, a reduction in market and price risks as well as for raising capital on a short notice.

If the subscription rights are not excluded, the Executive Board would have to observe a subscription period of at least two weeks in the event of an issue, in compliance with the statutory subscription rights, which would prevent the Executive Board from acting quickly and flexibly. Adherence to the two-week subscription period would also very likely result in fewer investors being addressed or only in connection with a lower issue volume due to the non-standard design or allocation mechanisms and/or the market risks arising for these investors during the subscription period. For these reasons, too, the exclusion of subscription rights is common practice when issuing financial instruments on the international capital market.

The immediate exclusion of subscription rights in the General Meeting compared to a corresponding authorisation of the Executive Board also offers the Company the advantage of avoiding publication of the issuance plan with a lead time of at least two weeks. In the case of an authorisation, a further report of the Executive Board would have to be published at least two weeks before the Supervisory Board resolution. The immediate exclusion of subscription rights makes it possible, on the one hand, to act quickly and flexibly without this lead time and, on the other hand, to avoid any disadvantages due to price pressure on the share price after publication of the issuance plan until its actual implementation.

Even if the subscription rights are directly excluded, the Executive Board may only make use of the authorisation to issue with the consent of the Supervisory Board if an issue in accordance with the conditions set out in this report is in the interest of the Company.

In addition, a subscription rights offering for the financial instruments would constitute a public offering of securities, which would require the prior preparation and approval of a securities prospectus by the relevant regulatory authority. Complying with these regulations would mean a considerable further investment of time and money for the Company and, in addition to the two-week subscription period or the two-week waiting period, would result in a significant delay of several weeks in the placement.

Therefore, the issuance can only be accelerated to the benefit of the Company, and thus also to its shareholders, by excluding the subscription right and thus avoiding a time-consuming processing of the subscription rights offer.

4. Proportionality

The exclusion of subscription rights is also proportionate. Without the exclusion of subscription rights, the Company would not be able to achieve a partial financing of the financial liabilities of PIERER Mobility Group that is both advantageous and transaction-secure, while also reacting flexibly to market opportunities and quickly to developments in the reorganisation process of KTM AG.

In the event of a market-driven valuation of the financial instruments and their placement at the best possible conditions achievable on the market, as the Company seeks to achieve in its own interest and in the interest of its shareholders, the subscription rights are of no material economic significance. This is achieved primarily by the determination of the reference share price, which is based on the market price of the shares at the time the price of the convertible bonds is fixed, as described below, and which is relevant for a possible conversion.

Furthermore, the Company assumes that only a few of its shareholders would exercise their subscription rights due to the complex and, for investors, sometimes risky design of financial instruments such as convertible bonds. For this reason, the exclusion of subscription rights when issuing convertible bonds and the placement with institutional and other professional investors is also common on the international capital market.

The possible short-term partial financing of the financial liabilities of the PIERER Mobility Group and in particular KTM AG by issuance of financial instruments under exclusion of subscription rights will benefit all shareholders, because this ensures the continuity of the Company. It can therefore be assumed that the advantage achieved by excluding the subscription rights (i.e. the securing of a necessary short-term financing), overrides the proportional loss of participation of the shareholders excluded from the subscription rights. The continued existence of the Company depends on the successful restructuring of the significant subsidiary KTM AG in the course of the pending reorganisation process. The financing of KTM AG by issuing financial instruments under exclusion of subscription rights is therefore in the interest of the Company and all shareholders.

5. Issue Price and Conversion Rate

When issuing the financial instruments, the Executive Board, with the consent of the Supervisory Board, will determine the terms of the issue and the features, as well as the conditions, in particular the interest rate, issue price, term and denomination, dilution protection provisions, conversion period and/or dates, conversion rights and/or obligations, conversion ratio, as well as conversion price and exchange and/or subscription conditions.

The conversion and/or subscription rights and obligations may be fulfilled by conditional capital, in particular also by the conditional capital to be newly created in accordance with item 3 of the agenda of the Extraordinary General Meeting on January 27, 2025, treasury shares or a combination of conditional capital and treasury shares.

The price of the financial instruments is to be determined in a standard pricing procedure, taking into account standard market calculation methods. The price (issue price) of a convertible bond is to be determined in particular from the price (issue price) of a fixed-interest bond and the price for the conversion right, taking into account the other features. The issue price of a bond is determined on the basis of standard market calculation methods, taking into account the maturity of the bond, the interest rate of the bond, the current market interest rate and the credit quality of the Company. The value of the conversion and/or subscription right is calculated using the methods of option price calculation, in particular taking into account the maturity/exercise period, the share price development (volatility) and other key financial figures and the ratio of the conversion and/or subscription price to the price of the Company's shares. Other features, such as early termination rights, a conversion obligation, a fixed or variable conversion ratio, must be taken into account.

The issue price of the shares to be issued to the creditors of the financial instruments upon the exercise of an exchange and/or subscription right or obligation (conversion price) and the exchange ratio are also to be determined in accordance with market-standard financial mathematical methods and the price of the Company's shares. The issue price must not be lower than the pro-rata amount of the share capital. The newly issued shares from the conditional capital increase have a dividend entitlement corresponding to the shares traded on the stock exchange at the time of issue.

These restrictions on the Executive Board in the authorization to issue are deemed sufficient to protect shareholders from dilution of their existing holdings in the Company. The aim is to set the issue price at a level that would result in only a negligible hypothetical subscription right in convertible bonds for existing shareholders.

6. Financial instruments with equity status

The Executive Board shall be authorised to enable a structuring of the financial instruments within the meaning of § 174 AktG in such a way that they can be reported as equity on the balance sheet. According to the statement of the Fachsenat für Unternehmensrecht und Revision der Wirtschaftstreuhänder (Austrian Chamber of Public Accountants) on the accounting treatment of participation rights and hybrid capital, this is particularly the case if the capital commitment is not limited in time, the remuneration is performance-related, the instruments participate in full in the loss and repayment is subordinated in the event of insolvency or liquidation.

III. Summarising the balance of interests

The proposed exclusion of subscription rights is objectively justified by the primary objective of ensuring the timely financing of the PIERER Mobility Group. In particular, the acceptance and fulfilment of the intended restructuring plan of KTM AG should be made possible.

The exclusion of subscription rights is also reasonable and necessary because the expected short-term inflow of debt or equity capital through the target group-specific configuration of the financial instruments within the meaning of § 174 AktG can replace more cost-intensive capital measures and financing conditions. Hence the necessary financing of the PIERER Mobility Group and in particular KTM AG can be secured for the benefit of the Company and, in turn, can also be secured for all shareholders. Without the exclusion of subscription rights, the Company is unable to respond comparably quickly and flexibly to favorable market conditions and to secure financing.

The continued existence of the Company depends on the successful restructuring of the significant subsidiary KTM AG, and therefore on the acceptance and fulfilment of the intended reorganisation plan of KTM AG. The financing of KTM AG by issuing financial instruments under exclusion of subscription rights is therefore in the interest of the Company and all shareholders.

The Company's Executive Board expects that the advantage for the Company from an issue of financial instruments excluding subscription rights for all shareholders will clearly override the (potential) relative loss of interest for the shareholders excluded from the subscription right, so that overall the Company's interest outweighs the possible disadvantage to shareholders from the exclusion of the subscription right.

In summary, and after weighing all the circumstances, it can be stated that the exclusion of subscription rights to financial instruments in accordance with § 174 AktG in connection with the authorization of the Executive Board to issue such instruments is necessary, appropriate, reasonable and in the overriding interest of the Company, objectively justified and required, and therefore complies with the statutory provisions.

Wels, January 2025

PIERER Mobility AG

The Executive Board